



Contents

1.	Cyprus Problem.....	2
2.	Hydrocarbons.....	4
3.	Greek Cypriots	5
	Economic developments	5
	Domestic Developments	6
	Foreign Policy	6
4.	Turkish Cypriots	7
	Economic Developments.....	7
	Domestic Developments	7
	Foreign Policy	8
5.	FES Cyprus Events	9

FES NEWS

- please visit us on -

www.FEScyprus.org

www.facebook.com/FEScyprus

1. Cyprus Problem

On February 26, the results of the Social Cohesion and Reconciliation Index (SCORE) a research conducted by UNDP-ACT and the Center for Sustainable Peace and Democratic Development (Seed) were presented at the Home for Cooperation.

The project which was funded by USAID which utilized the Score Index to explore the impact of social cohesion and reconciliation on the readiness of political compromise. The survey was conducted with face to face interviews of 500 participants from each community.

According to the results, social cohesion, meaning the willingness of members of a society to cooperate with each other for prosperity, is very low among the Turkish and Greek Cypriot communities. Another important finding was that both communities perceive that they are culturally different. Furthermore, Greek Cypriots' tendency for reconciliation is mostly affected by their perception that Turkish Cypriots are threatening their economic development and employment status, while Turkish Cypriots' propensity for reconciliation is driven by their desire to keep their distance from the Greek Cypriots.

Regarding a political compromise, the research findings indicated that Greek Cypriots are more in favour of the termination of the status quo but less inclined towards a bi-zonal, bi-communal federation, while a solution for Turkish

Cypriots indicates the opposite. Particularly resistant to a political compromise in the north are right-wingers and in the south right wingers, women and young people.

For Turkish Cypriots, the quality of contact, i.e. their interaction with Greek Cypriots, shifted from positive in 2013 to negative in 2014. A decrease in the tendency towards reconciliation and to vote 'Yes' during a future referendum was also evident. For Greek Cypriots over the last year the tendency to view Turkish Cypriots as culturally different has been on the rise.

Another survey carried out by the University of Nicosia and the Insights Market Research (IMR), based on 500 telephone interviews in each community found that Turkish Cypriots were the biggest supporters of a common identity at 80% compared to 67% of Greek Cypriots. When it came to relations between the two communities only 26% of Greek and 24% Turkish Cypriots said they maintained relations with members of the other community. Regarding the solution of the Cyprus problem, the majority of Greek Cypriots said that they wanted a unitary state, while 24% favoured a bi-communal, bi-zonal federation. Less than one third of Turkish Cypriots now favour a federation, a sharp decline since their acceptance of such a solution in the referendum since the Annan Plan almost 11 years ago, while 29% said they would prefer a two-state solution.

The results of these surveys coincide with a nearly 6 month stalemate in the Cyprus peace

negotiations since the Greek Cypriot side temporarily withdrew from the negotiating table in October after Turkey issued a navigational telex (NAVTEX) for seismic surveys in Cyprus' Exclusive Economic Zone (EEZ). Despite the issuance of a second NAVTEX by Turkey in January which expires in April, no other incursions from the Turkish Barbaros vessel followed, which still remains anchored at the Famagusta port. In January, President Nicos Anastasiades conceded that hydrocarbons could be discussed as part of the final phase of the talks after territorial adjustments are negotiated. This proved insufficient to break the deadlock as Ankara requested the suspension of the drilling activities by the Greek Cypriot side. Nicosia in the meantime is in search for allies to obtain binding guarantees to safeguard its EEZ from future Turkish violations. Any substantive dialogue is not expected soon as 'TRNC'¹ presidential elections are looming in April.

Researchers from both sides of the divide prepared a report entitled 'On the Usefulness of the Piecemeal Model in the Case of Cyprus,'

¹ The Turkish Republic of Northern Cyprus (TRNC) is only recognised by the Republic of Turkey. While for Turkey and the Turkish Cypriots, Dervis Eroglu serves as President of the TRNC, the international community considers him the communal leader of the Turkish Cypriots. As the government of the Republic of Cyprus remains internationally recognised as the government of the whole of the island, the entire island is now considered to be a member of the European Union. However, the *acquis communautaire* is suspended in northern Cyprus pending a political settlement to the Cyprus problem (see Protocol no. 10 of the Accession Treaty).

analyzing the methodological problems of the peace negotiations in Cyprus. In essence, the report, which was sponsored by the Friedrich-Ebert-Stiftung, argues that small steps in the form of goodwill measures would facilitate the attempts to reach a comprehensive settlement on the island, and generate acceptance and implementation of a future agreement possibly building trust between the two communities.

In an extraordinary meeting, the general assembly of the Turkish Cypriot Football Federation (KTFF), a decision was made to apply for membership in the Cyprus Football Association (KOP) unless a solution is found within 45 days to the problems created by the transfer of Turkish Cypriot football players to Turkey's Regional Amateur League (BAL), without paying any transfer fee to Turkish Cypriot clubs. The Turkish Cypriot leader, Dervis Eroglu invited the president of the Turkish Football Federation, Yildirim Demiroren to discuss the issue. The meeting at the presidential office was also attended by the KTFF president Hasan Sertoglu. Sertoglu said that from the meeting he had the impression that the problems would be solved soon yet he criticized Demiroren for not visiting the KTFF office.

The Nicosia Economic Forum, which is made up of the Turkish Cypriot Chamber of Commerce, the Greek Cypriot Chamber of Commerce and Industry, the Union of Chambers and Commodity Exchanges of Turkey and the Athens Chamber of Commerce and Industry held its third meeting in Athens. The final

communiqué issued after the meeting said “the forum, with reference to the fact that the current deadlock is not for the benefit of any side, has underlined its determination to stress the importance of the restart of the negotiation process towards finding a solution to the Cyprus problem. We also believe that the negotiations should be result oriented and conducted in a constructive atmosphere which will achieve a win-win scenario that will bring peace and prosperity to Cyprus and the Middle East.”

The three members of the Committee on Missing Persons in Cyprus (CMP) held a joint press conference to address the recent press coverage in the Greek Cypriot media alleging the misidentification of remains that had been returned to a Greek Cypriot family by the CMP. The Member of the Committee, Paul-Henri Arni stated that the CMP had identified the right person. “In this case, as in the 567 other cases of missing persons identified by the CMP, we can certify that the right person was identified” he verified.

Earlier in the month, Greece’s newly elected Prime Minister, Alexis Tsipras, concluded a two day official visit to Cyprus as part of his campaign to gain support for his political agenda to renegotiate a reduction in Greece’s debt burden. Tsipras who was elected on an anti-bailout program, supported Cypriot opposition parties in their anti-memorandum rhetoric calling for resistance to the Troika which was evident in the suspension of the foreclosures law. Furthermore, Tsipras said that

solving the Cyprus Problem was his government’s priority and as part of his contacts, he came together with Turkish and Greek Cypriot civil society organizations. Meanwhile, Volkan Bozkır, the Turkish EU Minister said Ankara welcomed the Greek Prime Minister’s meeting with representatives of Turkish Cypriot civil society organizations during his visit to Cyprus.

2. Hydrocarbons

On February 16, Cyprus and Egypt signed a Memorandum of Understanding (MoU) on cooperation in the field of oil and gas. The agreement was signed in Egypt by Energy minister Giorgos Lakkotrypis and his Egyptian counterpart, Sherif Ismail. It provides for cooperation between Cyprus and Egypt in the development and exploitation of the Aphrodite gas field in block 12 of Cyprus’ EEZ, utilizing the existing gas infrastructure in Egypt for the common benefit of the two countries. The MoU authorises the Egyptian Natural Gas Holding Company (EGAS) and the Cyprus Hydrocarbons Company (CHC) to examine technical solutions for transporting natural gas through a direct marine pipeline, from the Aphrodite field to Egypt.

3. Greek Cypriots

Economic developments

On February 26, the House of Representatives voted by majority in favour of a proposal to delay until March 19 the implementation of the law on foreclosures of mortgaged immovable properties. The implementation is a crucial precondition for the completion of the sixth review of Cyprus's adjustment programme with the Troika². Voting in favour were the present MP's from DISY, DIKO, EDEK and the European Party. AKEL, the Greens and independent Zacharias Koulias voted against. This was the third time the law had been suspended following those from December 18 and January 29. The reason cited again for the suspension was to allow sufficient time for consideration and voting of the relevant insolvency bill, a set of laws regulating personal and corporate bankruptcy, seen as a safety net for distressed borrowers who have put up their homes and businesses as loan collateral. Another important factor is the anti-austerity rhetoric which was recently adopted among opposition parties since the election of Alexis Tsipras as prime minister in Greece.

According to a technical report prepared by the European Commission, Cyprus' macroeconomic outlook shows signs of stabilisation despite the unfavourable external environment. According

to the report the recession is gradually losing momentum and the real gross domestic product (GDP) contracted by 2,4% in 2014 significantly less than the 5,4% of 2013. Moreover the report stated that the most pressing challenge is to reduce the excessively high level of non-performing loans (NPL's) in the banking sector. The two key measures in this regard are the proper implementation of the foreclosure law (which allows a bank to seize real estate collateral) and a modern insolvency framework for individuals and companies.

On February 24, the Duma, Russia's lower house approved the restructuring of a €2,5 billion loan to Cyprus received in 2011. Under the initial agreement the loan would be redeemed in 2016 and carried a 4.5% interest rate which was further reduced to 2.5% in 2013 and prolonged until 2021. No further details were disclosed regarding the restructuring of the loan.

A leak of a confidential finance ministry list, submitted to the parliament revealed that 50 people and companies owe the state over €163 million in taxes. The list includes first division clubs (Omonia, APOEL, AEL and Anorthosis), developers (NK Shacolas Group LTD, Miltiades Neophydou LTD, Athienitis developers, Giovanni developers), hoteliers and other businesses. The state has filed lawsuits against most of them.³

² The Troika is comprised by the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission.

³ A link to the list (in Greek) is available at : <http://cyprus-mail.com/wp-content/uploads/2015/02/lista.pdf-1.pdf>

According to Eurostat, the unemployment rate in Cyprus reached 16.1% in January compared to 16.4% in December and 15.7% a year ago. The unemployment rate for January comprised the fourth largest in the European Union and the third largest in the Euro-zone.

Domestic Developments

On February 16 EDEK deputy leader, Marinos Sizopoulos, and the party's first vice president, Giorgos Varnava, submitted their candidacies to run for party leadership of EDEK in elections to be held on March 1, following the resignation of former party leader and House President, Yiannakis Omirou, in January. A third possible candidate, former MEP, Koullis Mavronikolas, withdrew his candidacy. The party was also shaken by the fact that one of its members, former Paphos mayor Fidas Sarikas, was implicated by one of the six people on trial in the town's sewerage board scandal and had his parliamentary immunity lifted by the Supreme Court. Sarikas who is the chairman of the House of Ethics Committee dismisses the allegations made against him.

Foreign Policy

On February 27, President Anastasiades concluded a 4 day official visit to Russia. The visit attracted great attention domestically as it allegedly marked a shift to a more independent foreign policy from Anastasiades, who had originally conducted a Western oriented policy

which he had adopted after his election in 2013. The visit was thus perceived as a demonstration of Nicosia's bitterness towards its Western allies after expectations for a better treatment in relation to recent developments were not fulfilled. These included failure to secure guarantees against Turkey's incursions within the Cypriot EEZ and the inclusion of statements in the current UN report for Cyprus that disturbed the Greek Cypriot side and was interpreted as a form of pressure for a return to the negotiations table.

Anastasiades' remarks against EU-imposed sanctions on Russia at a press conference in Moscow as well as a number of agreements signed with Russia attracted some attention in certain EU and US diplomatic quarters. However, a much speculated defence agreement ostensibly offering Russia military facilities on the island, including the usage of the Andreas Papandreou air-base of Paphos, did not occur. Instead an existing agreement signed between Moscow and Nicosia was formalised allowing Russian navy vessels to dock in Cypriot ports as part of their international efforts to combat terrorism and piracy or during humanitarian missions. The agreement caused particular trepidation in the UK which maintains two military bases on the island.

Russia and Cyprus signed in total eight bilateral agreements, along with a Memorandum of Understanding between the Cyprus Securities and Exchange Commission and the Central Bank of the Russian Federation. The signing of the

updated MoU aims to further strengthen ties and enhance cooperation between the two supervisory authorities, aiming specifically at facilitating the exchange of information and the more effective investigation of potential violations of the legislation governing the securities market.

4. Turkish Cypriots

Economic Developments

The competitiveness of the Turkish Cypriot economy has been calculated as 3.68 over a scale of 7, according to a report prepared by the Turkish Cypriot Chamber of Commerce (KTTO). This ranked the Turkish Cypriot economy 114th amongst 144 countries in terms of competitiveness. Speaking at the launching of the report, the president of the KTTO, Fikri Toros underlined the importance of creating a sustainable economy for future generations and of achieving a just and lasting solution in Cyprus. He said that both of these goals were connected and could not be thought of separately. Toros also pointed out that the biggest obstacle in the way of improving the Turkish Cypriot economy was the inefficient state bureaucracy and political instability.

The Chairman of the Board of Directors of the Evkaf Administration⁴ Rauf Ersanal resigned

⁴ The Evkaf Administration is a secular body, which controls vast resources of land and property charita-

from his post. Ersenal was heavily criticized by the Cyprus Turkish Building Contractors Association for his statements in support of the protocol signed with Ankara, which envisaged tender calls for restoration works of historical buildings in the northern part of Cyprus belonging to the Evkaf to be opened in Turkey. Contrary to the statements of the Turkish Cypriot Prime Minister Ozkan Yorgancioglu, Bulent Arinc, Turkish Deputy Prime Minister responsible for Cyprus affairs, had earlier confirmed that all buildings and sites belonging to the Evkaf would be restored by Turkey.

On February 16, the Cyprus Turkish Civil Servants Trade Union (KTAMS) held a general strike. Ahmet Kaptan, the president of KTAMS, said the strike action was organized to protest the government's plan to change working hours, the freezing of the cost of living adjustment, the economic program, and to demand job security and humane working conditions for shift workers. The Turkish Cypriot Revolutionary Trade Unions Federation (DEV-IS) also gave support to the strike.

Domestic Developments

To protest the uncooperative stance of the government towards the local administrations, Ahmet Benli, the mayor of Gonyeli/Kioneli and the president of the Cyprus Turkish Municipalities Union announced that he had suspended his relations with the Republican Turkish Party-

bly donated by members of the Muslim community since the beginning of the Ottoman rule in Cyprus.

United Forces (CTP-BG) until the necessary steps would be taken.

Talip Atalay, the Head of the Turkish Cypriot Department of Religious Affairs announced his decision to run for a seat in the Turkish parliament in the upcoming general elections. Atalay said that he had applied to be nominated as a candidate from the Justice and Development Party (AKP). The AKP will announce its candidates on April 6th. "I will be able to attend any urgent meetings between the religious leaders on the island if summoned by the UN" Atalay added.

According to the Eurobarometer, 47% of Turkish Cypriots are happy with their lives, which ranked them in 33rd place among 35 countries. The research results showed that 73% of Turkish Cypriots believed that the economy was suffering and 79% believed that there was an unemployment problem in the country. The results also showed that during the last 12 months, 8% of Turkish Cypriots mostly and the 51% of them sometimes experienced difficulties in paying their bills. The results also indicated that the primary concern of Turkish Cypriots was rising prices/inflation with 52%, followed by the economic situation with 47%, and unemployment with 33%. The Turkish Cypriots interest towards the Cyprus issue, on the other hand, sharply declined compared to the previous years. The Cyprus problem, which was the primary concern at the end of 2007 with 44%, fell down to 13% at the end of 2014.

Bulent Arinc, the Turkish Deputy Prime Minister responsible for Cyprus affairs visited the northern part of Cyprus to attend the foundation laying ceremony of the new terminal building and runway for Ercan (Tymbou) Airport. Recently, operating rights of Ercan Airport have been privatised and in line with the agreement, the Turkish company, which won the tender for the operating rights will modernize the airport.

The New Cyprus Party (YKP) decided not to participate in the presidential election to be held on 19 April and called people not to go to the ballot box. "In the conditions we live, and especially under the conditions of occupation where the ability of the leaders to act and change have become zero, we do not believe that charismatic leaders will help", the party said in a statement.

Foreign Policy

Ozdil Nami, the Turkish Cypriot Minister of Foreign Affairs, met with the Secretary General of the Organisation for Islamic Cooperation (OIC) Iyad Ameen Madani in Jeddah, Saudi Arabia. Nami said that they aimed to upgrade the status of the Turkish Cypriots within the OIC from being an observer to a full member. "There were objections by some OIC member countries at the last meeting in New York. We asked for the Secretary General's support in that direction and we were pleased to see he welcomed the idea. We want to further develop bilateral relations with OIC member countries" Nami added.

Within the framework of his Jeddah contacts, Nami also met with Vice President of the Islamic Solidarity Fund (ISF) Mansour Abdul Razig Nami thanked Razig for the various contributions and projects that ISF provided to Turkish Cypriot people since 1976. Razig, for his part, said that ISF's support for the Turkish Cypriot community would continue in the future.

5. FES Cyprus Events

March 2015

Friday 27.3. (11.30 a.m. – 8 p.m.) and Saturday 28.3. 2015 (10.30 a.m. – 6 p.m.)

UNIC / FES
Conference

60th ANNIVERSARY CONFERENCE ON THE HISTORICAL PERIOD OF THE EOKA STRUGGLE IN CYPRUS (1955-1959)

University of Nicosia, UNESCO Amphitheatre,
Nicosia, Cyprus

Open to the public

The detailed program is available on our web-site and on Facebook

Imprint:

Friedrich-Ebert-Stiftung (FES)

Office Cyprus
20, Stasandrou, Apt. 401
CY 1060 Nicosia

Tel. +357 22 377 336
Email: office@fescyprus.org
Web-Seite: www.fescyprus.org
Facebook: www.facebook.com/FESCyprus

Text:

Hubert Faustmann, Sertac Sonan, Yiannis Charalambous, Sophia Papastavrou and Ute Ackermann Boeros

Layout:

Christiane Paparoditi

If you want to subscribe or unsubscribe to this (free) newsletter, please send an email to:

Christiana Paparoditi fespaparoditi@gmail.com

